

March 18, 2020

To the RFP Distribution List:

Re: Request for Proposal for Installment Financing Agreement



The Town of Granite Quarry, North Carolina desires to enter into an installment financing agreement pursuant to N.C.G.S. §160A-20 in the principal amount not to exceed \$350,000 for the purpose of financing the cost of the project described below. The Town is soliciting your proposal to provide the necessary financing for this project, subject to the terms and conditions set forth in this Request for Proposal.

A. Pertinent Information

The Project consists of a capital streets improvement project. It is expected that the probable net revenues of the project to be financed will be sufficient to meet the sums to fall due under the proposed contract.

The financing will be bank eligible under Section 265 of the Internal Revenue Code of 1986.

The Town expects to obtain Local Government Commission approval of the installment financing agreement on Tuesday, May 5, 2020.

B. Contract Specifications

1. The desired amount of the financing is not to exceed \$350,000.
2. The desired term of the financing is 7 years. The Town desires the debt service payment schedule to reflect amortization over a 7-year period.
3. Installment payments are to be made semiannually in arrears.
4. The interest rate(s) shall be fixed for the term.
5. The interest rate(s) proposed must be guaranteed for at least sixty (60) days. The Town desires to close the transaction by the end of May 2020.
6. Prepayment terms will be negotiated between the Town and the successful bidder. The Town desires prepayment of principal at any time without penalty.
7. The Town's obligations under the installment financing agreement will be secured by a deed of trust or security interest in all or a portion of the project being financed as negotiated between the Town and the successful bidder. No deficiency judgment may be rendered against the Town for breach of a contractual obligation under the Installment Financing Agreement, and the taxing power of the Town will not be pledged to secure repayment thereunder.
8. The Installment Financing Agreement must not contain a non-substitution clause and there must be a non-appropriation clause in the installment financing agreement.

C. Submission of Proposal

Two copies of your proposal must be received by **2:00 p.m.** on **Wednesday, April 1, 2020** at the offices of Larry Smith, Town Manager, Town of Granite Quarry, 143 N Salisbury Avenue, Granite Quarry, NC 28146 (PO Box 351 Granite Quarry, NC 28072). You may also submit your proposal via facsimile transmission at 704-279-6648.

Proposals must specify at a minimum the following information.

1. The term of the financing.
2. The interest rate.
3. The terms of repayment. Please attach a sample debt service schedule.
4. Proposed terms for optional prepayment. Please also state whether you would allow a prepayment without penalty from excess construction proceeds.
5. A list of all additional costs to be associated with this transaction, including origination or placement fees, escrow fees, counsel fees and expenses. State whether or not any such fees or expenses will be capped.
6. A statement to the effect that the bank agrees to the contract specifications set forth in Part B of this Request for Proposal.
7. Proposed collateral to secure financing and the method for creating the lien or security interest in such collateral.
8. Bids should be based on gross funding of The Project (without consideration of investment earnings).

The Town reserves the right to request additional information from the bidders and reserves the right to reject all proposals and to waive any irregularity or informality. Although the selection will be based substantially on lowest total financing cost (including both interest cost and upfront fees and expenses), the Town reserves the right to select the bidder that best meet the needs of the Town.

If further information is needed or if you have any questions regarding this Request for Proposal, please contact Larry Smith at 704-279-5596.

Thank you in advance for your consideration of this proposal.

Very truly yours,

Larry Smith

Town Manager